

MINUTES OF MEETING OF THE CORPORATIONS COMMITTEE
February 3, 2006

A regular meeting of the Corporations Committee (the "Committee") of the Business Law Section of the State Bar of California was held at the Los Angeles Airport Marriott on Friday, February 3, 2006. Attendance was as follows:

MEMBERS PRESENT:

Curt C. Barwick
Christopher A. Delfino
Nelson D. Crandall
Bruce R. Deming
Matthew R. Gemello
Steven R. Harmon
Victor Hsu
Brian A. Lebrecht
Stewart Laughlin McDowell
Michael A. Occhiolini*
David M. Serepca*
Lemoine Skinner, III
Jennifer Lynn Sostrin
Steven B. Stokdyk
Suzanne L. Weakley*
Brian M. Wong
Russell J. Wood

MEMBERS ABSENT:

Clint Davis
Peter Heinecke
Nina L. Hong
Deborah J. Ruosch
William R. Sawyers
James J. Thompson
Bertha Cortes Willner

LIAISONS AND GUESTS PRESENT:

Steven K. Hazen, Executive Committee*
Ann Marie Lu, Department of Corporations*
John Webber, NASD*
Andrew Petillon, SEC

*Via telephone

The minutes summarize discussion primarily in the order items were listed on the Agenda for the meeting previously circulated to members of the Committee, which is not necessarily the order in which the items were actually taken up at the meeting. The Committee did not take up those topics listed on the Agenda that are not described in these minutes.

I. ADMINISTRATIVE MATTERS

1. Opening Remarks and Announcements: The meeting was called to order by Co-Chairs Gemello and Stokdyk at 9:30 a.m. Mr. Gemello thanked the members of the Committee in attendance and informed them that a quorum was present.
2. March Meeting Details: Chris Delfino discussed the upcoming meeting at the Secretary of State's Office in Sacramento, followed by lunch at the Sutter Club. Lunch per person approximated at \$45.

II. AGENCY AND LIAISONS' REPORTS

1. Securities and Exchange Commission: In the absence of Ros Tyson, Andrew Petillon discussed the SEC's proposed changes to the disclosure requirements concerning executive compensation and related matters, as more particularly set forth in the SEC's press release issued on January 17, 2006. Comments due before April 10.
2. NASD: John Webber indicated that NASD Enforcement Chief Barry R. Goldsmith is leaving the NASD to return to private practice. Mr. Goldsmith has served as NASD's senior enforcement officer for approximately 10 years. James Shorris, Senior Vice President and Deputy Head of Enforcement, has been named as his successor.
3. Department of Corporations: Anne Marie Lu discussed the Commissioner's issuance of Release No. 117-C which relates to applications for a permit under Corporations Code Section 25121 involving shell companies where a "fairness" hearing is requested. She mentioned that the California Corporate Disclosure Act and Uniform Securities Act are pending review, and that no bills are sponsored during this session.
4. Secretary of State: No report.
5. Office of Governmental Affairs: No report.
6. Corporate Law Departments: Steven Harmon reported that other than the Corporate Law Departments Committee's focus on e-bulletins, there is nothing to report.
7. Cyberspace Law: Russ Wood reported that the Cyberspace Law Committee held a meeting on February 2, 2006, during which such Committee reported on upcoming meetings and programs.
8. Financial Institutions: Michael Occhiolini updated the Committee on the agenda for the last meeting of the Financial Institutions Committee.
9. Non-Profit Corporations: No report.

10. Partnerships and LLCs: Lemoine Skinner updated the Committee on the agenda for the last meeting of the Partnerships and LLCs Committee.
11. UCC: No report.
12. Executive Committee: Steve Hazen reported about the upcoming BLS leadership retreat March 11-12, which will provide standing committee officers with an opportunity to voice concerns with the Executive Committee.

III. SUBCOMMITTEE REPORTS

1. Legislation: Mr. Delfino commenced a discussion concerning the following topics:
 - a. Jury Waivers: On January 22, 2006, the Legislative Subcommittee of the Executive Committee approved the draft legislative proposal to address the California Supreme Court case *Grafton Partners, L.P. v. Superior Court* and the enforceability of contractual pre-trial jury waivers. The draft was submitted to the Board of Governors of the California State Bar for approval during its meeting during March (March 17-18, 2006 in Los Angeles). Thereafter, the proposal will be introduced in the current session of the Legislature. Mr. Doyle to determine an appropriate sponsor. The Uniform Commercial Code Committee may provide additional comments concerning the proposal.
 - b. SB 1183: Discussions ensued regarding SB 1183, an act to amend Sections 191 and 710 of the Corporations Code. Specifically, the Committee discussed its ALP regarding Section 191 of the Corporations Code which adds exceptions to the transaction of intrastate business.
 - c. SB 1207: The Committee discussed SB 1207, an act to amend Section 708 of, and to add Section 708.5 to, the Corporations Code, relating to corporations.
 - d. Corporate Disclosure Act: Mr. Harmon and Mr. Deming discussed the ALP regarding the California Corporate Disclosure Act, including a summary circulated addressing key components of the Act, SEC reporting requirements, etc.
2. Communications/Website: Ms. Sostrin followed up with the Committee regarding email communications and identified certain individuals who have failed to receive communications via the Committee's direct list serve and constituency list serve. Ms. Weakley reported that an e-bulletin concerning Keith Bishop's teleconference on shareholder voting, to be held on February 22, 2006, would be circulated following this meeting.
3. Education/Publications: Ms. Weakley discussed Keith Bishop's teleconference on shareholder voting. She reported that Mr. Davis' BLN article regarding 2005 corporate law developments is currently under review by the editorial board. Ms.

Weakley noted that there are three program topic submissions for the October 2006 meeting. The Committee next discussed the Corporate Law Department Teleconference on attorney-client privilege.

4. Litigation: R. Wood addressed litigation matters.

IV. ONGOING PROJECTS

1. National Venture Capital Association Model Forms: L. Skinner updated the Committee on the National Venture Capital Association Model Forms project.
2. Close Corporation Model Act adoptions: Mr. Serepca provided the Committee with an update on the Close Corporation Model Act. He reported on the meeting of January 12, 2006 of the following close corporation experts, each of whom has been enlisted to review and comment on the proposed Close Corporation Model Act: Mel Eisenberg (Boalt School of Law), Hugh Friedman (University of San Diego) and Jim Fotenos (Greene, Radovsky, Maloney & Share LLP and the former Co-Chair of the Committee).
3. ABA Task Force on Attorney-Client Privilege: R. Wood reported that the ABA Task Force on attorney-client privilege is currently accumulating information concerning the topic. The Corporations Committee circulated an e-bulletin concerning the same, soliciting comments on or before February 10, 2006. He indicated that the Board of Governors will attempt to have attorney-client privilege issues addressed at the next summit. The next scheduled meeting of the ABA Task Force is scheduled to occur February 10, 2006. Mr. Hazen commented that qualified volunteers are encouraged to serve on such ABA Task Force.
4. Venture Capital Opinion Project: Mr. Skinner and Crandall discussed the Venture Capital Opinion Project, and indicated that the working group recently convened via conference to identify opinion issues.
5. Update on Section 2115 Project: Messrs. Lebrecht, Serepca and Deming provided an update concerning the Section 2115 project. The subcommittee will follow-up directly with Keith Bishop concerning this matter, and will prepare a 20 minute presentation for the next meeting of the Corporations Committee.

V. NEW BUSINESS

1. March Leadership Retreat in Monterey: Mr. Stokdyk solicited volunteers to attend the BLS Leadership retreat in Monterey the weekend of March 11-12.
2. Section 307(b) Project: Mr. Serepca discussed the Section 307(b) Project with the Committee.

The meeting was adjourned at approximately 12:00 p.m.

Bertha Cortes Willner, Secretary

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